Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

CONFIDENTIAL

PAGE 01 JIDDA 03635 151203Z
ACTION AF-10

INFO OCT-01 NEA-11 ISO-00 SP-02 ICA-11 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 COME-00
DOE-15 SOE-02 NRC-05 AGRE-00 PM-05 CIAE-00
DODE-00 INR-10 NSAE-00 PA-01 /115 W
----------103908 151342Z /64
R 151107Z MAY 78
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 2052
INFO AMEMBASSY DJIBOUTI

C O N F I D E N T I A L JIDDA 3635

E.O. 11652: GDS
TAGS: EAID, PDIP, PDEV, BEXP, DJ, SA
SUBJECT: SUBSTANTIAL SAUDI ASSISTANCE PROGRAM FOR DJIBLUTI

REF: (A) STATE 119901 (B) DJIBOUTI 631 (C) JIDDA 3420

1. REGARDING PARA 4 REFTEL A, SAUDI TENDER PRACTICES FOR CONSTRUCTION INVARIABLY REQUIRE LUMP SUM BIDS ACCOMPANIED BY ONE PERCENT BID BOND OR LETTER OF CREDIT FOR THAT AMOUNT THIS IS REFUNDED TO BIDDERS AFTER SELECTION OF WINNER. WINNER OF BID MUST PUT UP 5 PERCENT (OF VALUE OF CONTRACT) PERFORM-ANCE GUARANTEE BY LETTER OF CREDIT OR 25 PERCENT BY PERFORMANCE BOND WITH APPROVED INSURANCE COMPANY WITH PROVISION AMOUNT BE PAID ON FIRST CALL. ON BONDING COMPANY IS KNOWN TO HAVE ACCEPTED THIS DEMAND. UPON APPROVAL OF CONTRACTOR'S TERMS AND SUBMISSION OF PERFORMANCE GUARANTEE, SAG OFFERS PROVIDE CONTRACTOR WITH 20 PERCENT STARTUP FUNDS. THIS MUST BE GURANTEED BY ANOTHER BOND. USUALLY STANDBY LETTER OF CREDIT BY CONTRACTOR.

2. SAUDIS, IN IMPLEMENTING THEIR OWN PROJECTS, HAVE OFTEN REQUESTED CHANGE IN SPECIFICATIONS WITHOUT REFERRAL TO POSSIBLE ADDED COSTS, AND UNLESS AGREEMENT IN ORIGINAL CONFIDENTIAL

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PAGE 02 JIDDA 03635 151203Z

CONTRACT IS EXPLICIT IN THIS REGARD, PROBLEM OF COLLECTING ADDED COSTS CAN LEAD TO LONG DRAWN OUT NEGOTIATIONS AND POSSIBLE FORFEITURE OF PERFORMANCE GUARANTEE.

3. IT IS IMPERATIVE IN CONTRACTS WITH SAUDIS TO BE AS SPECIFIC AS POSSIBLE AND TO ADHERE STRICTLY TO AGREED UPON TERMS AND SPECIFICATIONS. WE ARE POUCHING SOME

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PERTINENT SAUDI TENDER REGULATIONS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN ASSISTANCE, PROGRAMS (PROJECTS), PROPOSALS (BID), CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978JIDDA03635
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780205-0228
Format: TEL
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780559/aaaabxzz.tel
Line Count: 64
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 408b1c9f-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 119901, 78 DJIBOUTI 631, 78 JIDDA 3420
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2691550
Secure: OPEN
Status: NATIVE
Subject: SUBSTANTIAL SAUDI ASSISTANCE PROGRAM FOR DJIBLUTI
TAGS: EAID, PDIP, PDEV, BEXP, DJ, SA
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/408b1c9f-c288-dd11-92da-001cc4696bcc
Review Markings:
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Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014